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TAGS: [ECON](#) [FAIR](#) [PREL](#) [RS](#)  
SUBJECT: AEROFLOT-BOEING DEAL - "FROZEN" NOT DEAD

Classified By: Ambassador William J. Burns by reason 1.5 b,d

¶1. (SBU) Summary. Despite reports that Aeroflot will sign a deal for 22 A350's with Airbus in the next few weeks, the Boeing deal with Aeroflot is not off the table. If anything, this week's visit by Boeing CEO for Civil Aircraft Scott Carson appears to have improved the chances for a Boeing 787 deal by summer, making our continued advocacy all the more important. End Summary.

¶2. (SBU) Aeroflot CEO Valeriy Okulov's March 15 press conference was intended to announce the introduction of e-tickets by Aeroflot, but most of the coverage in the intervening 24 hours has focused on questions Okulov took from Reuters and AP, who asked if Aeroflot was going to buy planes from Airbus. Okulov replied that, "Our documents for buying the Airbuses are in a fairly high state of readiness. The deal will be done in the next few weeks. Yes, we're signing for 22, and it's a firm contract. The contract for the 787's is frozen. It's hard to say how deep that freeze is."

¶3. (C) We spoke with Boeing's Moscow office, and in light of conversations with the GOR, they do not believe it was Okulov's intention to announce the award of the 22 wide-body jet contract to Airbus, or to imply that Boeing is no longer in contention. No action has been taken to terminate the contract negotiations with Boeing, nor has Aeroflot asked Boeing to return its refundable deposit. Okulov continues to tell Boeing that he wants their planes, and made a similar point to Ambassador March 15. After the press conference, Boeing also reached out to Sukhoy CEO Mikhail Pogosyan and UAC CEO Aleksey Fedorov who are traveling with Putin in Europe. Both expressed surprise at Okulov's comments and assured Boeing that its deal was not dead.

¶4. (SBU) Airbus CEO Louis Gallois is expected to arrive in Moscow on the 25th or 26th of March. Okulov's comments suggest that during that visit, Aeroflot will sign some sort of agreement for A350's, with a delivery date of 2015. Okulov previously told Boeing he's "not allowed" to walk away from Airbus and fully expects there to be some sort of a split deal arrangement.

¶5. (C) Boeing also told us that Boeing CEO for Civil Aircraft Scott Carson's visit to Moscow March 11-13 engendered a lot of good will, especially with United Aircraft Company General Director Fedorov. (Carson told Ambassador that he felt "quite positive" about his conversations here this week.) The latter has invited Carson to return to Moscow in May prior to the

first UAC board meeting, during which UAC's structure and partnerships will be discussed. Fedorov also arranged for Carson to meet with Finance Minister Kudrin during his visit.

Fedorov told Carson that Kudrin is also involved in aviation-related decisions, and personally pushed for VTB's purchase of its five percent EADs share.

16. (C) Comment. Boeing Moscow believes that Carson's visit increased the possibility of making a 787 sale before summer.

The politics of the situation may mean Okulov has to sign a deal with Airbus first, before he will be allowed to sign with his preferred manufacturer, Boeing. This deal is not dead (at least not yet), even should the Airbus deal be announced in the next few weeks.

BURNS